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NSC DRILLING
SOUTH VIETNAM

- I. Diem has made his move to bring national police under his control: strategy is to establish new headquarters under loyal chief, direct all policemen to report to him.
 - A. Although Diem claims Bao Dai given prior notification, Bao Dai now threatening to "take action" momentarily.
 - B. Bao Dai's planned action undefined, but characterized by spokesman as "no more than minimum necessary to avoid immediate explosion."
- II. Diem anticipates early rallying of a Viet Minh battalion (perhaps 1,000 in all) left over in Camau area, to south.
 - A. Diem hopes defection will be psychological boost to pro-government cause.
 - B. Diem apparently has no intention relinquishing

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smoke was seen rising from

the vicinity of Binh Xuyen

BQ in Cholon.

Press reports from Paris say a cease-

fire has been arranged but this is

aided by government spokesmen in

Hon.

Diem said to have ordered

all-out war against Binh

Xuyen.

Press reports "several

hundred" casualties.

before firing started, **CA**

forces reported Binh Xuyen

determined to force a showdown

planning to attack.

Morale of Binh Xuyen officers

reported high because they

convinced of French support.

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